

Decision No. 37556

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of SAN JOSE HILLS WATER COMPANY,
for an Order authorizing the
issuance of stock and for a
certificate of Public Convenience
and Necessity to operate as a
public utility water corporation.

ORIGINAL

Application
No. 26305

HUGH GORDON, for applicant.

E. H. WALTERS, for San Gabriel Valley Protective Ass'n.,
interested party.

OSCAR FICKEWIRTH, for Fickewirth Mutual Water Company,
interested party.

G. W. WRIGHT, for Maple Water Company, interested party.

J. L. HALL, for Omaha Water Company, interested party.

J. W. LARMER, for La Puente Cooperative Water Company,
interested party.

MR. YEAGER, City Clerk, representing the City Attorney,
for the City of Covina, protestant.

BY THE COMMISSION:

O P I N I O N

San Jose Hills Water Company asks the Railroad Commission to make and enter its Order granting to said San Jose Hills Water Company, hereinafter sometimes referred to as applicant, a certificate of public convenience and necessity to acquire, maintain and operate a water system for the service of water as a public

utility within that portion of Los Angeles County designated and described on the map filed in this application as Exhibit "B," and authorizing applicant to issue 250 shares of common stock, without par value, at ten dollars per share for the purposes hereafter stated.

San Jose Hills Water Company is a California corporation and has an authorized common stock issue of 1,000 shares without par value. C. A. Garnier, his mother Constance A. Garnier, and his sister, hereinafter sometimes collectively referred to as the Garniers, caused applicant corporation to be organized.

The testimony shows that Constance A. Garnier is the owner of about 320 acres of farm land situate about two miles northeast of Puente. In connection with the farm operation she owns and operates a water well, pipe lines and water storage facilities used by the Garniers for the supply of water for farming and domestic purposes on the lands owned by them. The supply of water available from said source exceeds the requirements of the Garniers and a portion of the surplus water has heretofore been supplied as a matter of accommodation to a limited number of neighbors for domestic use, pursuant to contracts between the Garniers and their neighbors. Recently, they have refused applications for service for the reason that, in their opinion, they have heretofore not operated and do not desire to operate their water facilities as a public utility water corporation. Applicant, on the other hand, intends to engage in the public utility water business. It asks the Commission to grant to it a certificate of public convenience and necessity to acquire, construct and operate a water system for the service of water as a public utility, in the area shown on the

maps filed in this application as Exhibits "B" and No. 1. Applicant's proposed service area comprises about 2,420 acres. In Exhibit 2, which is a crop survey map, this acreage is segregated as follows:

<u>Type of Crop</u>	<u>Acres</u>	<u>% of Area</u>
Citrus	119	4.92
Truck	334	13.80
Alfalfa	163	6.74
Deciduous	1,448	59.82
Residential	87	3.59
Fallow	<u>269</u>	<u>11.11</u>
Total	2,420	100.00

No public utility is presently serving water in the area. The testimony shows that there are about 95 houses within the boundary of the service area. Of these, 12 are now served by the Garnier water system, 21 by the City of Covina and about 50 by the Maple Water Company, a mutual water company. The owners of the other houses have their own water supply. G. W. Wright, representing the Maple Water Company, testified that he had no objection to the granting of the application. He feels that such action would enable his company in case of a well failure to get water from applicant on a temporary basis. The City of Covina, through its city clerk, in effect asks the Commission to limit applicant's service area. All of the area for which applicant is asking a certificate lies outside the boundaries of the City of Covina. However, the city, which owns and operates a municipal water system, has two pipe lines extending into the area. One is in Lark Ellen

Avenue, the other in Glendora Avenue. The former line supplies water to 11, the latter to 10 consumers. The City receives from \$550 to \$600 of revenue per annum from these consumers. The City Clerk of Covina protests the granting of the application if as a result thereof the City will lose that revenue. He also stated that the City, as soon as materials and manpower are available, will enlarge its pipe system into the area to improve the service to the present consumers and possibly some additional consumers. The City did not indicate definitely how much of the area it may serve. The Commission has no authority over the extension of the City water system. In view of the fact that applicant has no intention of soliciting present consumers of the Mutual Water Company or of the City of Covina to purchase water from it, we do not deem it necessary to limit applicant's northern service area. In this connection the testimony is as follows:

"MR. GORDON: Q. So far as these present mutual water companies are concerned, is it your intention to interfere in any way with their continued operation? A. MR. GARNIER: Absolutely not.

"Q. If these mutual water companies or any of their members desire service from the utility, you will give it to them to the best of your ability? A. Yes sir.

"Q. And in the same manner to the City of Covina, if the present customers of the City of Covina might desire your service, you would be willing to give it to them, is that right? A. Yes sir.

"Q. But you are not seeking to take consumers from the City of Covina against the wishes of that City? A. Absolutely not."

While a number of mutual water companies other than Maple Water Company operate in applicant's proposed service area, none of them objects to the granting of a certificate of public convenience and necessity to applicant. They supply water for irrigation purposes only, while applicant will sell water only for domestic use.

It occurs to us that several tracts in the southern portion which are almost entirely devoted to agricultural purposes should be omitted from the certificated area. The Order herein will grant applicant a certificate of public convenience and necessity to acquire, construct and operate a public utility water system in the following area:

Beginning at Walnut Creek and Glendora Ave., thence southwesterly along Glendora Ave., to Maple Ave., thence easterly along Maple Ave., to its present end about 100 feet east of Walnut Ave.; thence south along the westerly line of Lot 1, Tract No. 517, Los Angeles County, to Amar Road; thence east along Amar Road to Pass and Covina Road; thence westerly and northerly along Pass and Covina Road to Francisquito Ave.; thence easterly along Francisquito Ave. to Lark Ellen Ave.; thence north on Lark Ellen Ave. to Walnut Creek; thence following the channel of Walnut Creek westerly and northerly to the point of beginning, and contiguous territory facing on the above described exterior boundaries of the area of service.

At the outset applicant will have about 15 consumers, 12 of which are presently receiving water service under contracts

which are cancellable on thirty days' notice. Most of these at one time or another had a water supply of their own, but during the period of water shortage their wells dried up and the Garniers agreed to supply them with surplus water on a temporary basis. They, however, do not desire to take on any more consumers on that basis.

The Garniers own a water well, 16 inches in diameter, 400 feet deep with suitable pumping equipment capable of producing 1,000 gallons of water per minute, continuous flow, and a twelve-inch steel transmission line, about 6,000 feet long, extending from the well to a 360,000-gallon covered concrete reservoir. They agree (Exhibit "A") to sell to applicant for a period of five years an amount of water not to exceed 75,000 gallons per day or an aggregate of 2,250,000 gallons per month, and give applicant the right of joint use of the transmission line and reservoir. Applicant has agreed to pay the Garniers 50 cents per 1,000 cubic feet for all water furnished by them. The testimony shows that the agreement will be amended to provide for the immediate transfer to applicant of the distribution pipe lines installed to serve present consumers with water for domestic purposes. Applicant asks permission to issue 100 shares of stock in exchange for said properties and contract rights. The supply of water that will be available to applicant under the terms of the contract will be sufficient for the present and the immediate future to meet all demands of applicant's consumers. In due time applicant proposes to develop its own well and construct its own transmission system. Applicant further asks permission to issue 150 shares of its common stock, at ten dollars per share, to

construct distribution lines to new consumers and to pay organization expenses.

Applicant proposes to charge the following rates for domestic service:

I. Flat Rates for unmetered service.

For each residence including 1 lot of 10,000 square feet or less per service - - - - -	\$2.00
Each additional 1/2 Acre or less - - - - -	1.00
Each additional residence on a lot - - - - -	1.00

II. Quantity Rates and Minimum charges applicable to metered service.

Monthly Minimum Charges

5/8 to 3/4" Meter - - - - -	\$1.75
3/4" " - - - - -	2.00
1" " - - - - -	3.50
1 1/2" " - - - - -	5.00
2" " - - - - -	7.50

Monthly Quantity Rates

First 1000 Cu. Ft. or less - - - -	\$1.75
Next 4000 Cu. Ft. per 100 Cu. Ft. -	.12
Next 5000 Cu. Ft. per 100 Cu. Ft. -	.10
All over 1000 Cu. Ft. per 100 Cu. Ft. -	.08

A meter may be installed on any service at the option of either consumer or utility.

Under the existing circumstances and conditions, the rates appear reasonable. Applicant should file rules and regulations that conform to Commission practices.

ORDER

A public hearing having been held on this application by Examiner Fankhauser; the Commission having considered the

record in this matter and it being of the opinion that the money, property or labor to be procured or paid for by San Jose Hills Water Company through the issue of the stock herein authorized is reasonably required by said San Jose Hills Water Company for the purposes herein stated; that the expenditures for said purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income, and that this application should be granted subject to the provisions of this Order, therefore,

The Commission hereby declares that public convenience and necessity requires, and will require, San Jose Hills Water Company to acquire, construct and operate a public utility water system in the following described area:

Beginning at Walnut Creek and Glendora Ave., thence southwesterly along Glendora Ave., to Maple Ave., thence easterly along Maple Ave., to its present end about 100 feet east of Walnut Ave.; thence south along the westerly line of Lot 1, Tract No. 517, Los Angeles County, to Amar Road; thence east along Amar Road to Pass and Covina Road; thence westerly and northerly along Pass and Covina Road to Francisquito Ave.; thence easterly along Francisquito Ave. to Lark Ellen Ave.; thence north on Lark Ellen Ave. to Walnut Creek; thence following the channel of Walnut Creek westerly and northerly to the point of beginning, and contiguous territory facing on the above described exterior boundaries of the area of service, said area is shown in Exhibit No. 1 on file in this application.

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be, and it is hereby, granted to San Jose

Hills Water Company for said purposes.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company be, and it is hereby, authorized to issue, on or before December 31, 1945, at ten (\$10.00) dollars per share, 250 shares of no par value common stock for the following purposes:

- a. 100 shares in payment for the distribution pipe lines of the Garnier Water System referred to in the record in this application and the right to purchase water and the joint use of the facilities described in the contract filed in this application as Exhibit "A." San Jose Hills Water Company may execute said contract subject to the condition that the Commission will consider the terms of the contract de novo if they become an issue in any rate proceeding before the Commission.
- b. The proceeds from the sale of 150 shares of stock shall be used to pay the cost of installing distribution pipes and services to consumers and to pay organization expenses.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company be, and it is hereby, authorized and directed to file with the Railroad Commission at least ten days before beginning to sell water, the following schedule of rates for domestic service, which schedule of rates is hereby found to be just and reasonable for the services to be rendered:

I. Flat Rates for unmetered service.

For each residence including 1 lot of 10,000 square feet or less per service - - - - -	\$2.00
Each additional ½ Acre or less - - - - -	1.00
Each additional residence on a lot - - - - -	1.00

II. Quantity Rates and Minimum charges applicable to metered service.

Monthly Minimum Charges

5/8 to 3/4" Meter - - - - -	\$1.75
3/4" " - - - - -	2.00
1" " - - - - -	3.50
1½" " - - - - -	5.00
2" " - - - - -	7.50

Monthly Quantity Rates

First	1000 Cu. Ft. or less	- - - - -	\$1.75
Next	4000 Cu. Ft. per 100 Cu. Ft.	- - -	.12
Next	5000 Cu. Ft. per 100 Cu. Ft.	- - -	.10
All over	1000 Cu. Ft. per 100 Cu. Ft.	- - -	.08

A meter may be installed on any service at option of either consumer or utility.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company be, and it is hereby, directed as follows:

1. Within sixty (60) days from the date of this Order, to submit to this Commission, for its approval, quadruplicate sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch drawn to an indicated scale upon a sheet approximately 8x11 inches in size, delineating thereupon in distinctive markings the boundaries of the authorized service area; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service, or any portion thereof.

2. Within sixty (60) days from the date of this Order, to file with this Commission four copies of a comprehensive map drawn to a scale of not less than 600 feet to the inch, upon which shall be delineated correctly by appropriate markings, the various tracts of land in the territory for which the certificate is granted herein. This map should be reasonably accurate, show the source and date thereof, and sufficient data to determine clearly and definitely the location of the various properties comprising the entire utility area of service.

IT IS HEREBY FURTHER ORDERED that the certificate of

public convenience and necessity granted herein is subject to the following provision of law, to-wit:

That the Commission shall have no power to authorize the capitalization of the certificate of public convenience and necessity herein granted, or the right to own, operate, or enjoy such certificate in excess of the amount actually paid to the State or to a political subdivision thereof, as the consideration for the grant of said certificate of public convenience and necessity.

IT IS HEREBY FURTHER ORDERED that San Jose Hills Water Company shall file with the Commission a report or reports as are required by the Commission's General Order No. 24-A, which Order is made a part of this Order insofar as applicable, also a copy of the contract, amended as shown by the evidence, as the consideration for said 100 shares of stock.

IT IS HEREBY FURTHER ORDERED that the authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this 19th day of December, 1944.

Richard B. Baker
Justice F. Calver
Francis X. Havenue
Francis O'Leary
Leah T. Kucell
Commissioners